



2016 Annual Report



WASHINGTON TRUST BANCORP, INC.

Leadership

Board of Directors

John J. Bowen, *Chancellor, President and Chief Executive Officer, Johnson & Wales University*
Steven J. Crandall, *Vice President, Ashaway Line & Twine Mfg. Co.*
Robert A. DiMuccio, *CPA, Chairman, President and Chief Executive Officer, Amica Mutual Insurance Company*
Edward O. Handy III, *President and Chief Operating Officer, Washington Trust Bancorp, Inc.*
Barry G. Hittner, *Esq., Retired Attorney*
Katherine W. Hoxsie, *CPA, Retired Vice President, Hoxsie Buick-Pontiac-GMC Truck, Inc.*
Joseph J. MarcAurele, *Chairman and Chief Executive Officer, Washington Trust Bancorp, Inc.*
Kathleen E. McKeough, *Retired Senior Vice President of Human Resources, GTECH Holdings Corporation*
Victor J. Orsinger II, *Esq., Law Office of Victor J. Orsinger II*
H. Douglas Randall III, *Chief Executive Officer, Randall, Realtors, Kinlin Grover Real Estate, Page Taft Real Estate, Pequot Commercial and Kinlin Grover Commercial*
Edwin J. Santos, *Chairman, Prospect CharterCARE, LLC*
John F. Treanor, *Retired President and Chief Operating Officer, Washington Trust Bancorp, Inc.*

Officers of the Corporation

Joseph J. MarcAurele, *Chairman and Chief Executive Officer*
Edward O. Handy III, *President and Chief Operating Officer*
David V. Devault, *Vice Chair, Secretary and Chief Financial Officer*
Mark K. W. Gim, *Senior Executive Vice President, Wealth Management, and Treasurer*
Maria N. Janes, *CPA, Executive Vice President and Controller*

The Washington Trust Company Directors' Advisory Council

Alcino G. Almeida	Brendan P. O'Donnell
Gary P. Bennett	Joseph H. Potter
Larry J. Hirsch	Joyce Olson Resnikoff
Joseph J. Kirby	Patrick J. Shanahan Jr.
Jacques de Laporte	James P. Sullivan
Edward M. Mazze	Neil H. Thorp
James W. McCormick Jr.	John C. Warren
Thomas F. Moore	William Blunt White

Senior Management of The Washington Trust Company

Joseph J. MarcAurele, *Chairman and Chief Executive Officer*
Edward O. Handy III, *President and Chief Operating Officer*
David V. Devault, *Vice Chair, Secretary and Chief Financial Officer*
Mark K. W. Gim, *Senior Executive Vice President, Wealth Management, and Treasurer*
Kristen L. DiSanto, *Executive Vice President, Human Resources*
Debra A. Gormley, *Executive Vice President, Retail Banking*
James M. Hagerty, *Executive Vice President and Chief Lending Officer*
Maria N. Janes, *CPA, Executive Vice President and Controller*
Mary E. Noons, *Executive Vice President, Retail Lending*
William K. Wray Sr., *Executive Vice President and Chief Risk Officer*

Dennis L. Algieri, *Senior Vice President, Chief Compliance Officer and Director of Community Affairs*
Colleen O. Anderson, *Senior Vice President, Wealth Management Support Services*
Michael T. Clarkin, *Senior Vice President and Corporate Sales Manager*
Joseph M. Confessore, *Senior Vice President and Team Leader, Commercial Banking*
Laura L. Davis, *Senior Vice President, Lending Support Services*
Elizabeth B. Eckel, *Senior Vice President, Marketing*
Alfred L. Grant, *Senior Vice President, Mortgage Origination*
Barbara K. Hart, *Senior Vice President, Credit Risk*
Robert R. Kent Jr., *Senior Vice President and Team Leader, Commercial Banking*
Charles R. Kineke, *Senior Vice President, Chief Technology Officer*
Thomas H. Klump, *Senior Vice President, Bank Operations*
James A. Mignone, *Senior Vice President, Chief Information Security Officer*
C. Scott Ostrowski, *Senior Vice President, Internal Audit*
Timothy M. Pickering, *Senior Vice President, Commercial Real Estate Group*
Kathleen A. Ryan, *Esq., Senior Vice President, Client Services and Trust and Estate Services*
L. Peter Sheehan, *Senior Vice President, Wealth Management Investments*
Julia Anne M. Slom, *Senior Vice President and Team Leader, Commercial Real Estate Group*
Richard T. Tjader, *Senior Vice President and Director of Project Management*

Weston Financial Group, Inc.

John W. Filoon III, *President and Chief Operating Officer*
Kerry P. Falco, *CPA, Managing Director and Senior Financial Counselor*
Maria A. Staffiere, *Managing Director*
Ronald A. Sugameli, *Esq., Managing Director and Chief Investment Officer*
Nicole M. Tremblay, *Esq., Senior Vice President and Chief Compliance Officer*

Halsey Associates, Inc.

James S. Zoldy Jr., *President*
Kenneth J. Julian, *Executive Vice President*

As of publication date

Message to Shareholders

We are proud to report that Washington Trust posted another record performance in 2016; our seventh consecutive year of increased annual earnings. Once again, it was a collective effort, as our experienced management team and our talented employees worked together and focused on achieving our corporate goals. We were successful in growing our core business lines and expanding our local and regional footprint, while maintaining a disciplined approach to pricing and expense management. All noteworthy accomplishments in a very challenging operating environment.

Our record earnings reflect the strength and diversity of our business model, as our ability to generate a consistent stream of revenues, from both interest and non-interest income sources, has been key to our success over time. In 2016 we achieved solid performances from all of our major business lines:

- Our mortgage banking area had another great year, as mortgage banking revenues were up significantly from the previous year. We had good production from throughout the region and generated a healthy mix of both purchase and refinance loans. In July we opened a mortgage production office in Wellesley, Massachusetts, an affluent suburb of Boston.
- Our wealth management division once again proved to be a key contributor to non-interest income, as wealth management revenues reached a record level in 2016.

Wealth management assets under administration also peaked to an all-time high by year-end. We continued to make investments in technology to enhance our client experience and position the division for future growth. We recently relocated our Halsey Associates headquarters to take advantage of opportunities and synergies with our mortgage banking and commercial lending efforts in the New Haven, Connecticut market.

- Our commercial lending group had good momentum and consistent growth throughout the year, however, overall growth was masked by heavy pay-offs. We generated quality commercial real estate and commercial and industrial loans, which resulted in new cash management and commercial deposit relationships.
- Our retail banking area remains a key part of our community banking model and we opened a contemporary branch on the East Side of Providence in 2016 to expand our presence in Rhode Island's capital city. Deposits surpassed the \$3 billion mark, led by growth in low-cost demand deposits and NOW accounts.

For more than 216 years, Washington Trust has served as a trusted advisor for generations of depositors, borrowers and investors. Our hallmark has been our five-star customer service. Technology continues to change our industry, providing new and different ways for us to serve our customers. In recent years we have



enhanced online, mobile, and telephone solutions to make banking easier, faster, and more secure for our customers. In 2016 we introduced several new technology-based customer conveniences, including EMV chip debit cards, online mortgage applications, wealth management portal upgrades, and Touch ID and Quick Balance mobile banking solutions. Going forward, we expect technology will bring even more changes to our industry and we will continue to evaluate and offer those solutions that provide the best security, service, and convenience for our customers.

Washington Trust has a long and successful history and our 2016 performance once again ranks us among the nation's top-performing mid-sized banks. We are pleased to have provided consistent returns and paid a healthy dividend to our shareholders. We appreciate the hard work and dedication of our management team and employees and thank our shareholders for their continued support and commitment to our Corporation.



Joseph J. MarcAurele

Joseph J. MarcAurele
Chairman and Chief Executive Officer



Edward O. Hardy III

Edward O. Hardy III
President and Chief Operating Officer



8.



7.



6.



3.

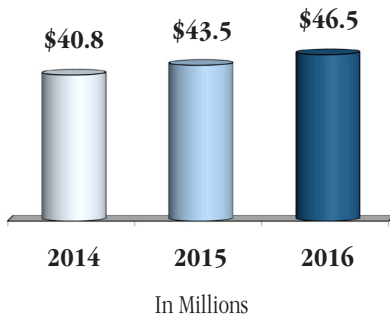


4.

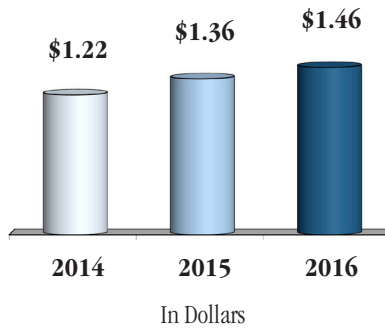


5.

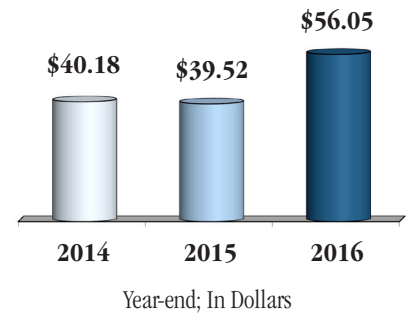
Net Income



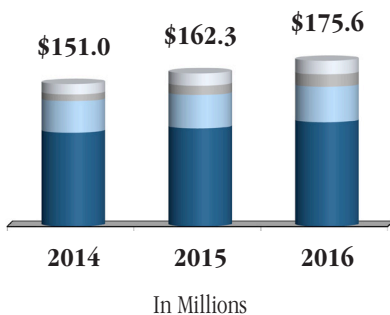
Cash Dividends Declared Per Share



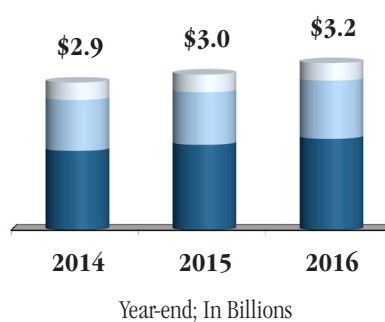
Closing Stock Price



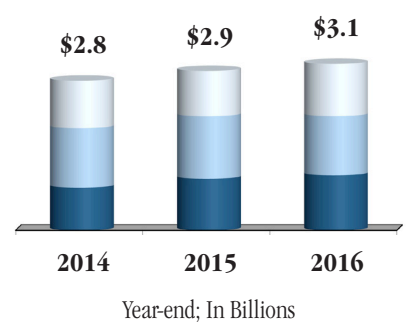
Total Revenues*



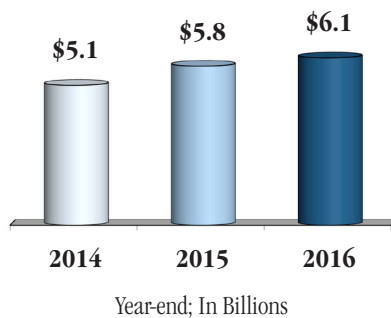
Total Loans



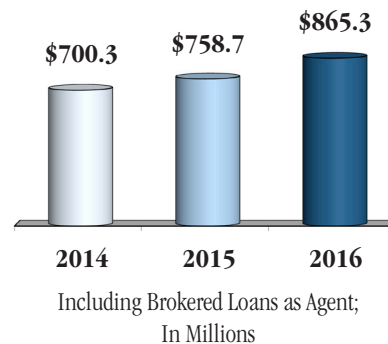
Total Deposits



Wealth Management Assets Under Administration



Mortgage Originations



*Excludes \$7.6 million of net gain on sale and pre-sale revenue from merchant processing service business line in 2014.

Highlights

Dollars in thousands, except per share amounts	At or for the years ended December 31,				
	2016	2015	2014	2013	2012
Financial Condition					
Total assets	\$4,381,115	\$3,771,604	\$3,586,874	\$3,188,867	\$3,071,884
Total securities	755,545	395,067	382,884	422,808	415,879
Total loans	3,234,371	3,013,127	2,859,276	2,462,884	2,294,003
Allowance for loan losses	26,004	27,069	28,023	27,886	30,873
Total deposits	3,063,752	2,934,255	2,754,818	2,505,321	2,312,631
Total shareholders' equity	390,804	375,388	346,279	329,646	295,652
Book value per share	22.76	22.06	20.68	19.84	18.05
Total risk-based capital ratio	12.26%	12.58%	12.56%	13.29%	13.26%
Equity to assets	8.92%	9.95%	9.65%	10.34%	9.62%
Operating Results					
Net interest income	\$110,478	\$103,982	\$99,505	\$91,785	\$90,696
Provision for loan losses	5,650	1,050	1,850	2,400	2,700
Wealth management revenues	37,569	35,416	33,378	31,825	29,641
Mortgage banking revenues	13,183	9,901	7,152	13,293	14,148
Net income	46,481	43,465	40,824	36,153	35,074
Diluted earnings per common share	2.70	2.54	2.41	2.16	2.13
Cash dividends declared per share	1.46	1.36	1.22	1.03	0.94
Return on average assets	1.16%	1.19%	1.23%	1.17%	1.16%
Return on average equity	11.96%	12.00%	11.87%	11.65%	11.97%
Net interest margin (taxable equivalent basis)	3.02%	3.12%	3.28%	3.28%	3.29%
Asset Quality					
Nonperforming assets to total assets	0.53%	0.58%	0.48%	0.62%	0.83%
Total past due loans to total loans	0.76%	0.58%	0.63%	0.89%	1.22%
Allowance for loan losses to total loans	0.80%	0.90%	0.98%	1.13%	1.35%
Net loan charge-offs to average loans	0.21%	0.07%	0.07%	0.23%	0.07%

Stock Transfer and Dividend Disbursing Agent:

American Stock Transfer & Trust Company, 6201 15th Avenue, Brooklyn, NY 11219, 800-852-0354, www.amstock.com

The Corporation's 2017 Proxy Statement, Form 10-K and Annual Report for 2016 are available online by visiting the Corporation's website www.washtrustbancorp.com/proxy, by calling the Corporation's toll-free number 800-475-2265 extension 1566, or by email at investor.relations@washtrust.com.

Auditors: KPMG, LLP, Providence, Rhode Island

Counsel: Goodwin Procter LLP, Boston, Massachusetts

This report contains certain statements that may be considered "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Actual results, performance or achievements of Washington Trust may differ materially from those discussed in these forward-looking statements, as a result of, among other factors, the factors described under the caption "Risk Factors" in Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2016, as filed with the Securities and Exchange Commission and updated by our Quarterly Reports on Form 10-Q. You should carefully review all of these factors, and you should be aware that there may be other factors that could cause these differences. These forward-looking statements were based on information, plans and estimates at the date of this report, and Washington Trust assumes no obligation to update forward looking statements to reflect changes in underlying assumptions or factors, new information, future events or other changes.

Locations

Branch Offices

HEADQUARTERS

23 Broad Street
Westerly, RI 02891
401-348-1200

BLOCK ISLAND, RI Block Island Office

Ocean Avenue
Block Island, RI 02807
401-466-7710

CHARLESTOWN, RI Charlestown Office

4137 Old Post Road
Charlestown, RI 02813
401-364-4000

COVENTRY, RI Coventry Office

Opening 2017
732 Tiogue Avenue
Coventry, RI 02816

CRANSTON, RI Oaklawn Avenue Office

1203 Oaklawn Avenue
Cranston, RI 02920
401-732-0049

Plainfield Pike Office

2174 Plainfield Pike
Cranston, RI 02921
401-383-8223

Reservoir Avenue Office

645 Reservoir Avenue
Cranston, RI 02910
401-946-1004

EAST PROVIDENCE, RI East Providence Office

587 Taunton Avenue
East Providence, RI 02914
401-383-8800

Rumford Office

330 Newport Avenue
Rumford, RI 02916
401-228-6555

JOHNSTON, RI Johnston Office

1383 Atwood Avenue
Johnston, RI 02919
401-654-4837

NARRAGANSETT, RI Bonnet Shores Office

885 Boston Neck Road
Narragansett, RI 02882
401-782-4800

Sweet Meadows Office

20 Point Judith Road
Narragansett, RI 02882
401-782-1000

NORTH KINGSTOWN, RI North Kingstown Office

7625 Post Road
North Kingstown, RI 02852
401-295-4700

PROVIDENCE, RI East Side Office

229 Waterman Street
Providence, RI 02906
401-443-2800

Providence Office

156 Westminster Street
Providence, RI 02903
401-421-3600

RICHMOND, RI Richmond Office

1200 Main Street
Wyoming, RI 02898
401-539-2427

SOUTH KINGSTOWN, RI Wakefield Office

730 Kingstown Road
Wakefield, RI 02879
401-782-4200

WARWICK, RI Centerville Road Office

236 Centerville Road
Warwick, RI 02886
401-739-2353

Governor Francis Office

1473 Warwick Avenue
Warwick, RI 02888
401-921-2500

WESTERLY, RI Main Office

23 Broad Street
Westerly, RI 02891
401-348-1200

Franklin Street Office

126 Franklin Street
Westerly, RI 02891
401-348-1367

McQuade's Marketplace

106 Main Street
Westerly, RI 02891
401-348-1201

MYSTIC, CT McQuade's Marketplace

14 Clara Drive
Mystic, CT 06355
860-572-2058

Commercial Banking Offices

PROVIDENCE, RI

10 Weybosset Street, Suite 100
Providence, RI 02903
401-331-5090

WARWICK, RI

236 Centerville Road
Warwick, RI 02886
401-739-2353

WESTERLY, RI

23 Broad Street
Westerly, RI 02891
401-348-1200

Mortgage Offices

WARWICK, RI

171 Service Avenue
Warwick, RI 02886
401-681-4224

DARIEN, CT

1025 Boston Post Road
Darien, CT 06820
203-309-5571

GLASTONBURY, CT*

180 Glastonbury Boulevard, Suite 107
Glastonbury, CT 06033
860-430-9900

BRAINTREE, MA*

25 Braintree Hill Office Park, Suite 309
Braintree, MA 02184
781-428-7970

BURLINGTON, MA*

25 Mall Road, Suite 408
Burlington, MA 01803
781-229-2004

SHARON, MA*

One Merchant Street, Suite 102
Sharon, MA 02067
781-784-3089

WELLESLEY, MA*

62 Walnut Street, Suite 102
Wellesley, MA 02481
781-489-3175

*Operating as Washington Trust Mortgage Company

Wealth Management Offices

PROVIDENCE, RI

10 Weybosset Street, Suite 200
Providence, RI 02903
401-654-4801

NARRAGANSETT, RI

20 Point Judith Road
Narragansett, RI 02882
401-782-1000

WESTERLY, RI

23 Broad Street
Westerly, RI 02891
401-348-1238

WELLESLEY, MA

Weston Financial Group
Wellesley Office Park
100 William Street, Suite 200
Wellesley, MA 02481
781-235-7055

NEW HAVEN, CT

Halsey Associates
One Century Tower
265 Church Street, Suite 1006
New Haven, CT 06510
203-772-0740

Customer Solutions Center

RI: 401-348-1200
CT: 860-443-1508
Toll-free: 800-475-2265

Websites

www.washtrustbancorp.com
www.washtrust.com
www.washtrustmortgage.com
www.washtrustwealth.com
www.westonfinancial.net
www.halseyassociates.com

Ticker Symbol

NASDAQ: WASH



WASHINGTON TRUST BANCORP, INC.

Parent Company of The Washington Trust Company

The Corporation has an Affirmative Action Plan and is an Equal Opportunity Employer.
Washington Trust is also a member of the FDIC and an Equal Housing Lender

1. Our Annual Peanut Butter Drive helps feed local families in need; collecting almost 120 tons of peanut butter over the past 16 years. 2. Our mortgage team helps homeowners, from throughout the southern New England region, secure home financing. 3. Our employees serve as “trusted advisors,” offering important information on financial matters and topics of interest. 4. Networking and business development activities enable us to develop relationships with new clients and key centers of influence. 5. We are recognized as one of Rhode Island’s “*Best Places to Work*,” earning the *Providence Business News* award for the sixth consecutive year. 6. Our annual Community Shred-it Day is an important fraud protection event, offering a safe and free method to dispose of confidential information. 7. Our commercial lending team provides millions of dollars in financing to businesses throughout our market area. 8. Members of executive management serve in a leadership capacity for major organizations and groups within our region and the industry.